

Message Text

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PAGE 01 BONN 07500 091655Z

62

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 USIA-15 PRS-01 AGR-20

DRC-01 /202 W

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R 091644Z MAY 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2415

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN, EEC, AGR, GW

SUBJECT: FRG COMMENTS ON ITALIAN IMPORT MEASURES

REF: BRUSSELS 2848

1. DURING FLANIGAN MEETING WITH ECONOMICS MINISTER
FRIDERICHs ON MAY 8, MINISTER EXPRESSED HIS DEEP
DISAPPOINTMENT OVER RESULTS OF MAY 7 COUNCIL MEETING
ON ITALIAN MEASURES. HE CONSIDERED THE ITALIAN
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PAGE 02 BONN 07500 091655Z

MEASURES AS ENTIRELY WRONG, POINTING OUT, FOR EXAMPLE,

THAT THEY MIGHT INDEED BRING ABOUT INCREASED PRICES. MINISTER CITED AN INCREASE IN OPEL PRICES FOR ITALY IN EXCESS OF THE ANTICIPATED ADDED COST OF THE DEPOSIT SCHEME. FRIDERICH'S OPINION WAS THAT WHAT WAS NEEDED WAS A CONCRETE STRINGENT ITALIAN STABILIZATION PROGRAM COUPLED WITH A SMALL DEVALUATION.

2. HE CRITICIZED THE COMMISSION'S PROPOSALS AS BEING TOO GENERAL AND INSUFFICIENTLY CONCRETE. FRIDERICH'S THOUGHT THAT IF THE ITALIANS ADOPTED A GOOD CONCRETE STABILIZATION PROGRAM THE DEPOSIT SCHEME MIGHT THEN BE A DESIRABLE FLANKING MEASURE. EVEN SO, THE ITALIANS WOULD NEED STRONG SUPPORT FROM OUTSIDE. FRIDERICH'S WAS, HOWEVER, PESSIMISTIC AS TO WHAT THE ITALIANS COULD ACHIEVE EVEN WITH OUTSIDE HELP.

3. MINISTER REGRETTED THAT ONLY BELGIANS AND DUTCH JOINED THE FRG IN TAKING A STRONG LINE ON THE NEED FOR A CONCRETE PROGRAM. HE ATTRIBUTED THIS TO FEAR OF THE OTHER MEMBERS THAT THEY MIGHT SHORTLY BE A TARGET FOR SIMILAR TREATMENT. BOTH FRIDERICH'S AND LATER FOREIGN MINISTRY ASSISTANT SECRETARY HERMES SAW GERMAN PRESSURE AS BEING HELPFUL TO THE ITALIANS IN ADOPTING AN EFFECTIVE CONCRETE STABILIZATION PROGRAM. HERMES POINTED OUT IT MIGHT BE EASIER POLITICALLY FOR THE ITALIAN GOVERNMENT TO BE ABLE TO BLAME THE FRG FOR MEASURES TAKEN. HE RECOGNIZED THAT THIS WOULD MAKE THE FRG UNPOPULAR BUT HE COMMENTED WRYLY THAT THE GERMANS WERE WILLING TO SUFFER THIS IN THE "LARGER INTERESTS OF THE COMMUNITY."

4. FRIDERICH'S ALSO CONFIRMED THAT "ONE MEMBER" HAD SUGGESTED THAT ITALIAN MEASURES CONTAIN AN ELEMENT OF COMMUNITY PREFERENCE. MINISTER SAID HE REJECTED THIS SUGGESTION AND IT NEVER REALLY BECAME AN ITEM OF DISCUSSION.
HILLENBRAND

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